

Jim Paedl 4/27/98 #1,500.

DEBORAH SENN
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



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OFFICE OF
INSURANCE COMMISSIONER

In The Matter of

DAIRYLAND INSURANCE COMPANY,)

No. D 98- 24

An Authorized Insurer)

CONSENT ORDER

FACTS AND STIPULATIONS:

1. Dairyland Insurance Company (hereinafter "Dairyland")is an authorized insurer in this state.
2. On December 3, 1996, Mr. Joshua Ligosky of the Office of the Insurance Commissioner (hereinafter "OIC") sent a letter to Dairyland. This letter had some questions about an automobile rate filing which had been received by the OIC on November 7, 1996. One of the questions in Mr. Ligosky's December 3 letter was concerning the insurer's intentions regarding territory relativities.
3. On January 2, 1997, an actuarial technician at Dairyland named Robert J. Brunson wrote back to Mr. Ligosky. He said "...our base rate changes are uniform across all territories. No territory relativities have been changed."Based on part upon this statement, the OIC eventually approved this filing, with an effective date of April 25, 1997.
4. Then on October 3, 1997, a rate specialist at Dairyland named Barbara A. Borree-Jakobi wrote to Mr. Ligosky, in response to a letter of his dated August 28, 1997. This concerned a rate filing received by the OIC on July 21, 1997. Ms. Borree-Jakobi said that "The territory relativity factor for Wenatchee was lowered from 1.67 to 1.49 in our approved April 25, 1997 filing. Our currently proposed filing lowers the relativity to 1.37. The surrounding area is at a factor of 1.11."
5. On November 7, 1997, Mr. Ligosky wrote back to Ms. Borree-Jakobi, to verify the apparent fact that Dairyland had done the opposite of what Mr. Brunson had promised.
6. On November 24, 1997, Mr. Donald Sandman, an actuary at Dairyland, wrote to Mr. Ligosky, acknowledging that many territory relativities were changed in the rate filing that became effective on April 25, 1997.



7. Dairyland stipulates to the foregoing facts, including the fact that whether inadvertently or otherwise, Mr. Brunson misinformed the actuarial staff of the Office of the Insurance Commissioner about its intentions regarding an automobile rate filing. In mitigation of the offense, the Insurance Commissioner acknowledges that Dairyland has cooperated in revising its territory relativities to the satisfaction of the Commissioner's actuarial staff. Those staff members now consider that the relativities satisfy the requirements of chapter 48.19 RCW. This was accomplished by amending the filing received on July 21, 1997, which has been approved, with an effective date of May 10, 1998.

FINDINGS:

1. The Commissioner finds that RCW 48.19.040(1) requires each insurer to "...before using, file with the Commissioner every classifications manual, manual of rules and rates, rating plan, etc." Therefore Dairyland is required to file its rates for this auto policy before using them.
- 2 The Commissioner finds that RCW 48.19.040(1) requires that before using a rate like the one in this case, the insurer must file it with the Commissioner. In addition, subsection (2) requires that "Every such filing shall indicate the type and extent of the coverage contemplated and must be accompanied by sufficient information to permit the Commissioner to determine whether it meets the requirements of (chapter 48.19 RCW)." The misinformation given by Mr. Brunson to Mr. Ligosky violated that requirement of "sufficient information" and even prevented Mr. Ligosky from requesting information which the Commissioner's actuarial staff would have considered necessary to determine whether the filing met the requirements of chapter 48.19 RCW.
3. The Commissioner finds that RCW 48.05.140(1) authorizes the Commissioner to suspend or revoke Dairyland Insurance Company's certificate of authority for this violation.
4. The Commissioner further finds that RCW 48.05.185 authorizes, in lieu of revocation or suspension of the insurer's certificate of authority, the imposition of a fine of not less than two hundred fifty dollars and not more than ten thousand dollars for each violation of the code or the regulations promulgated thereunder.

CONSENT TO ORDER

Dairyland Insurance Company stipulates to the foregoing facts, applicable law, and findings by the Insurance Commissioner. Dairyland consents to a fine in the total amount of \$7500. This sum is to be paid in full within thirty days after the entry of this order at Olympia, Washington. If the fine is not timely paid in full, the Insurance Commissioner shall revoke the certificate of authority of Dairyland Insurance Company, and the fine will be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General, pursuant to RCW

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48.05.185.

Dairyland Insurance Company acknowledges its duty to comply fully with all the applicable laws and regulations of Washington state.

Signed this 20th
day of April, 1998

DAIRYLAND INSURANCE COMPANY

By Thomas M. Fin

Title Vice President

IT IS ORDERED that pursuant to RCW 48.05.140 and RCW 48.05.185, the Insurance Commissioner imposes a fine upon Dairyland Insurance Company in the amount of \$7500, which is to be paid in full within thirty days of the entry of this order in Olympia, Washington. If the fine is not timely paid in full, subject to the insurer's right to demand a hearing pursuant to chapter 34.05 RCW and chapter 48.04 RCW, the Insurance Commissioner shall revoke the certificate of authority of Dairyland Insurance Company, and the fine will be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General, pursuant to RCW 48.05.185.

SIGNED AND ENTERED THIS 13th day of May, 1998

By: Edward L. Fleisher

EDWARD FLEISHER,
Deputy Insurance Commissioner for
Legal Affairs